



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

July 20, 1998

Senate Seeks Urgent Remedy To Farm Problems. The U.S. Senate agreed upon 'immediate action' this week to help the ailing farm economy, but Republicans and Democrats were not able to decide what exactly should be done. Farmers across the Nation are dealing with any number of problems, from huge world stocks of grain, economic problems of Asian customers (both decreasing demand and market prices), disease, and extreme weather conditions. In addition, producers and shippers are likely to face yet another year of rail congestion as wheat is stored to await higher prices, while the addition of future harvests of corn and soybeans threatens to overwhelm storage and transportation systems. It has been reported that farm prices have decreased 30 percent or more since Republicans passed the "Freedom to Farm," law in 1996. The law was meant to lift restrictions on what farmers could plant, and to gradually end farm subsidies by the year 2002. The resolution, pushed by Democrats, calls for "immediate action by the President and Congress," and supports the idea of Government intervention through amendments to the annual agriculture spending bill. Tom Daschle, Democratic leader from South Dakota, emphasizes, however, that "These are emergency measures. We're not planning to re-open the farm bill." Democrat proposals include a \$500 million fund to help farmers affected by repeated disasters, as well as a \$1.6 billion plan to lift caps on marketing loans. Republicans, on the other hand, believe the solution lies in expanding exports. They offer proposals which would exclude food and medicine from unilateral economic sanctions, allow the President fast-track trade agreement authority, improve crop insurance, and provide funding for the International Monetary Fund to help deal with the Asian crisis. (AP, *Wall Street Journal*)

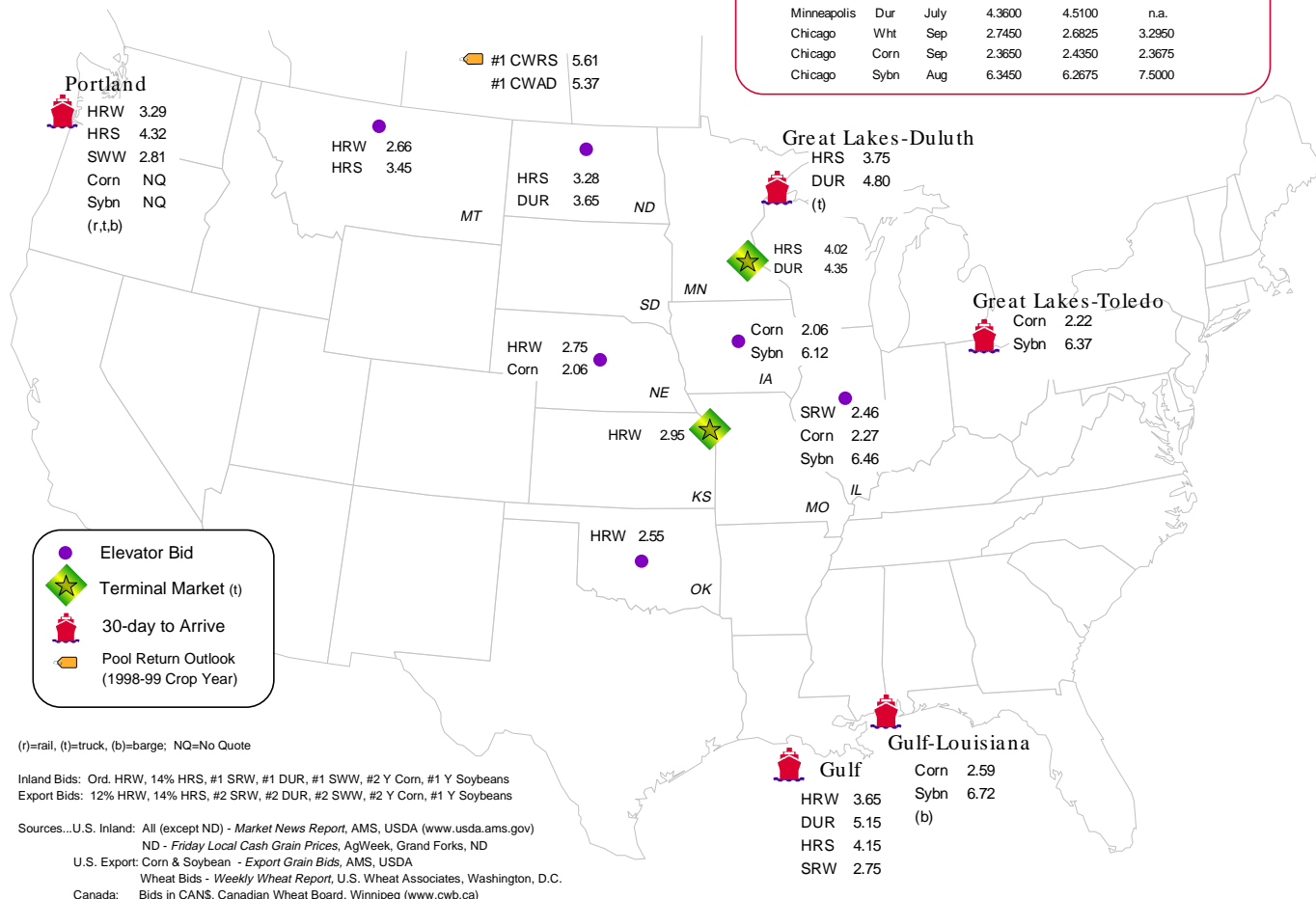
Railroad Warns Of Pending Transportation Problems. In a letter to grain shippers, Steve Bobb, Burlington Northern-Santa Fe (BNSF) vice president, warned that unless inventories were moved, the nation's rail system would not be able to handle an overwhelming volume, which is likely during the fall harvest. Currently, thousands of empty rail cars sit on sidings, while farmers wait for higher prices before moving their grain. It appears likely, according to Bobb, that grain currently in storage will begin to move just as new wheat and corn harvests begin, meaning that the system would be overwhelmed with essentially moving two harvests at once. Bobb stated, "...we simply do not have the capacity to handle this volume." However, Tom Tunnel, president of the Kansas Feed and Grain Association, states that the BNSF solution is not as clear as it would appear. According to Tunnel, farmers cannot move the stored wheat since it is used as collateral in obtaining Government loans. Currently, the price paid at the elevator is at or less than the rate for which farmers can obtain a Government loan. Tunnel also stated that there is storage space available in Oklahoma and Texas and that it would be helpful if railroads "...could design some railcar tariffs to make it favorable to utilize that space south of our borders." Bobb emphasized the investments that BNSF has made to improve grain movements, for example, having increased its grain-car fleet by 6,000, with an additional 6,000 cars to be added over the next 3 years. (AP, *Reuters*)

Note: Due to a schedule conflict, it was necessary to prepare and publish the *Grain Transportation Report* earlier this week than was expected. Because of this, you may notice that particular sections of data may not be current. This is primarily due to the unavailability of information at this earlier date. We regret this unfortunate situation, and sincerely hope that it does not significantly inconvenience any of our readers. It is our primary concern to provide the most consistently accurate data that is available. The forthcoming report, to be dated July 27, 1998, will provide updated data for all sections.

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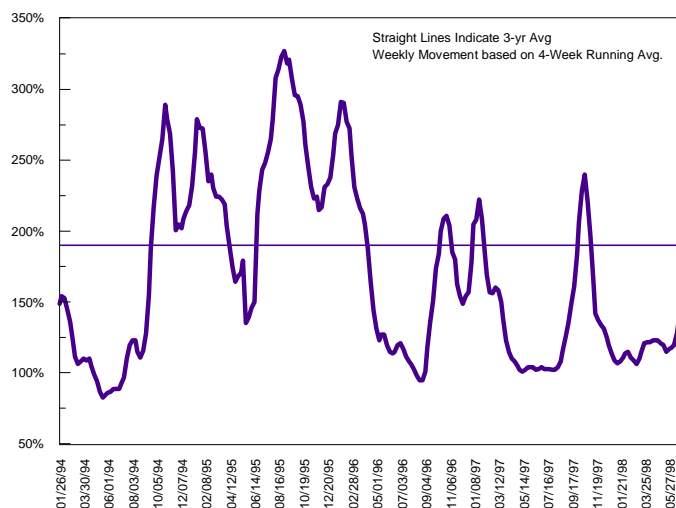
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Grain Bid Summary

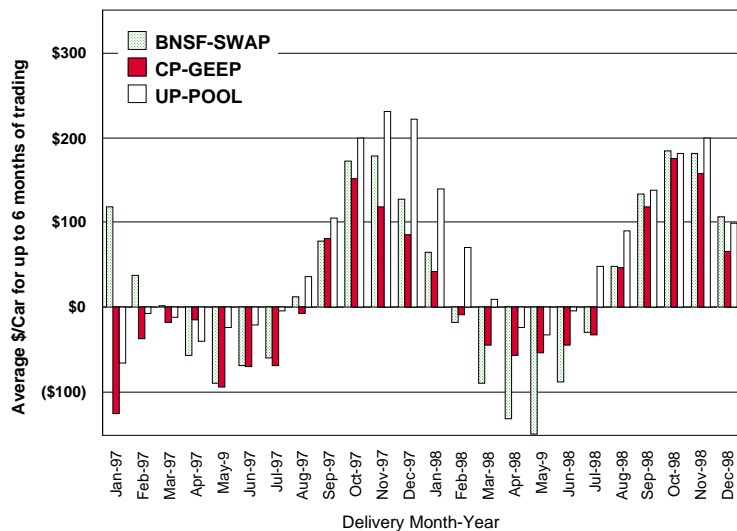


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids

See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Aug-98		Oct-98	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	6,508	91%	5,645	63%
UP-GCAS	5,400	90%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jul-98	Aug-98	Sep-98	Oct-98
BNSF-COT	\$46	\$60	\$142	\$177
CP-GEEP	\$15	\$38	\$78	\$125
UP-Pool	\$120	\$133	\$170	\$156

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool
note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Aug-98	Oct-98	Nov-98
COT/N. Grain	\$35	\$204	\$179
COT/S. Grain	\$389	\$220	\$183
GCAS/Region 2	\$11	no offer	no offer
GCAS/Region 4	no offer	no offer	no offer

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
7/10/98	Mid Miss.	twk	180
	Illinois River	twk	175
	Lower Ohio	twk.	125

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

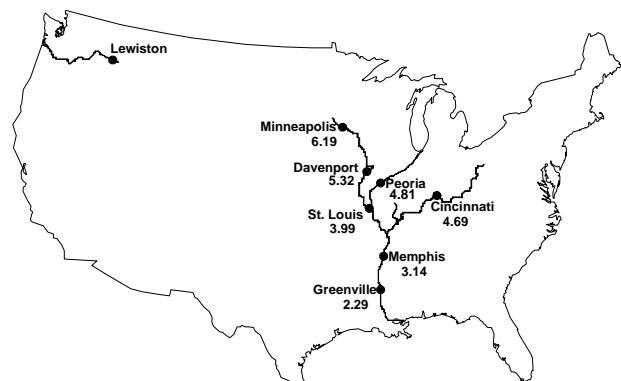
nwkw=next week

Southbound Barge Freight Spot Rates

	7/15/98	7/8/98	Aug. '98	Oct. '98
Twin Cities	221	208	207	268
Mid-Mississippi	185	172	176	238
Illinois River	176	165	170	231
St. Louis-Cairo	124	122	131	209
Lower Ohio	130	133	144	231
Cairo-Memphis	121	117	128	206

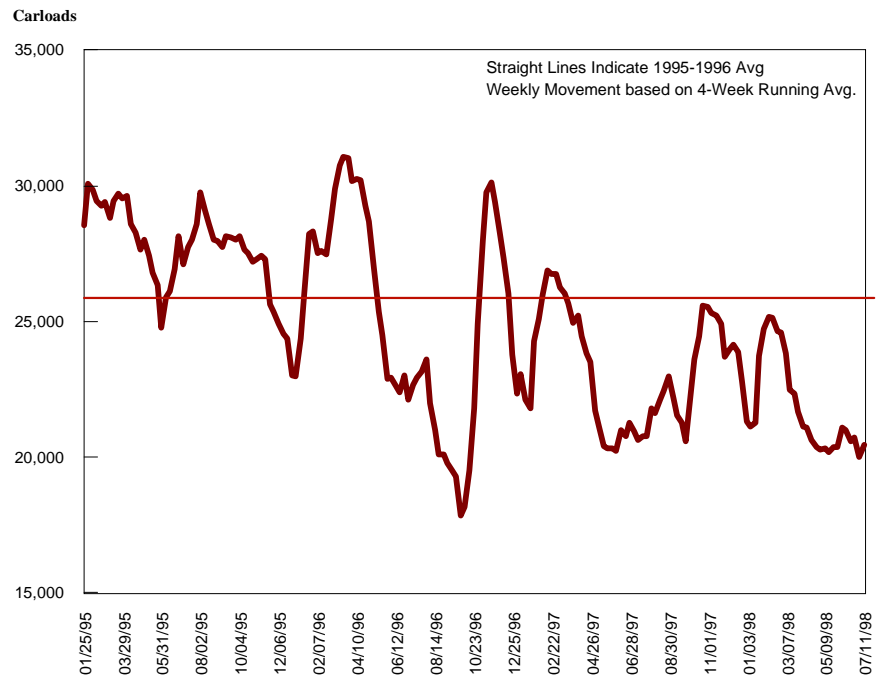
Source: Transportation & Marketing /AMS/USDA

nq- no quote

**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
6/27/98	21,216
7/4/98	19,245
7/11/98	21,818
Year to Date - 1998	591,863
Year to Date - 1997	628,662
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



Class I Rail Carrier Grain Car Bulletin

Carloads

	Conrail	CSXT	East					West		Canada	
			IC	NS	BNSF	KCS	UP			CN	CP
07/11/98	663	2,503	1,402	2,594	7,104	477	7,075	1,558	3,680		
This Week Last Year	327	2,023	1,114	2,011	5,291	422	7,320	3,991	5,999		
1998 YTD	18,259	64,688	39,512	68,486	213,855	17,030	170,033	62,839	109,787		
1997 YTD	13,329	63,035	42,431	65,748	209,727	18,382	211,858	84,015	132,579		
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387		
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786				

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

July 1998

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
05/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
05/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,350	\$12.25	\$0.41
05/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$3,812	\$34.59	\$1.14
05/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,505	\$31.81	\$1.05
05/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
05/01/98	33111	Corn	Kansas City, MO	Houston, TX	\$1,450	\$11.57	\$0.41
05/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$20.75	\$0.73
05/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
05/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,080	\$27.95	\$0.92
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port

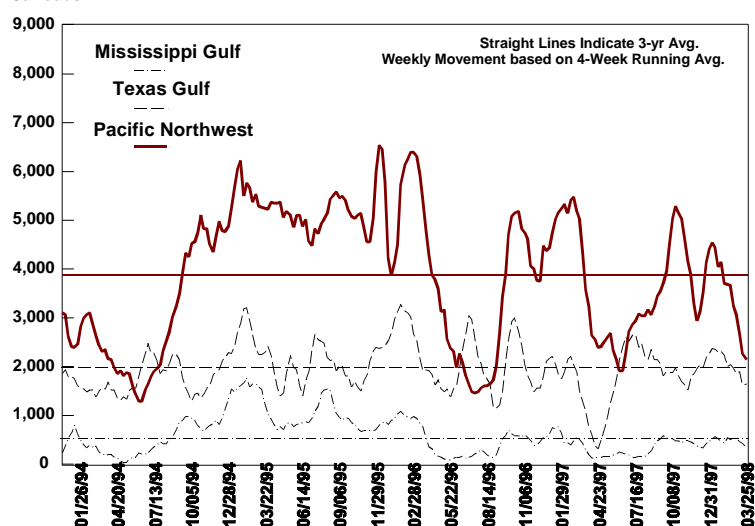
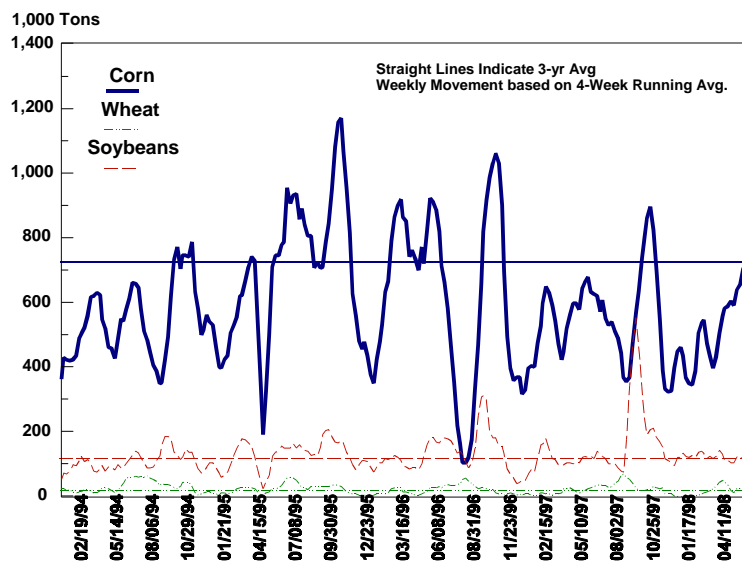
Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
6/24/98	86	2,643	1,543	46
7/1/98	142	2,507	1,573	94
7/8/98	102	1,713	1,445	124
YTD 1998	9,227	53,501	76,911	6,213
YTD 1997	10,917	40,101	106,266	3,530
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port

Carloads

**Barge Movements - Locks 27****Barge Grain Movements**

for week ending 07/11/98

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	374	23	29	425
Winfield, MO (L25)	518	32	67	617
Alton, IL (L26)	705	27	97	830
Granite City, IL (L27)	776	42	97	915
Illinois River (L8)	136	0	26	162
Ohio (L52)	n/a	n/a	n/a	n/a
Arkansas (L1)	n/a	n/a	n/a	n/a
1998 YTD	14,380	1,601	4,095	21,783
1997 YTD	15,260	905	3,797	21,918
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
07/09/98	1,718	180	934	657	226	3,715	6,514	1,873	12,102
This Week Year Ago	2,330	929	1,023	847	313	5,442	9,512	5,608	20,562
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	1,181	212	656	236	68	2,353	31,302	23,139	56,794
96/97 YTD	775	482	717	439	177	2,588	38,997	23,018	64,603
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236
94/95 Total	10,157	5,453	7,686	5,837	893	30,026	54,742	23,410	108,178

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
07/09/98	62	57	0	93	550	84	205	0	0
1998 YTD **	4,805	3,185	402	2,677	14,241	7,612	3,455	201	580
1997 YTD **	5,830	6,139	914	2,148	15,209	8,868	1,574	944	428
% of Last Year	82%	52%	44%	125%	94%	86%	220%	21%	136%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

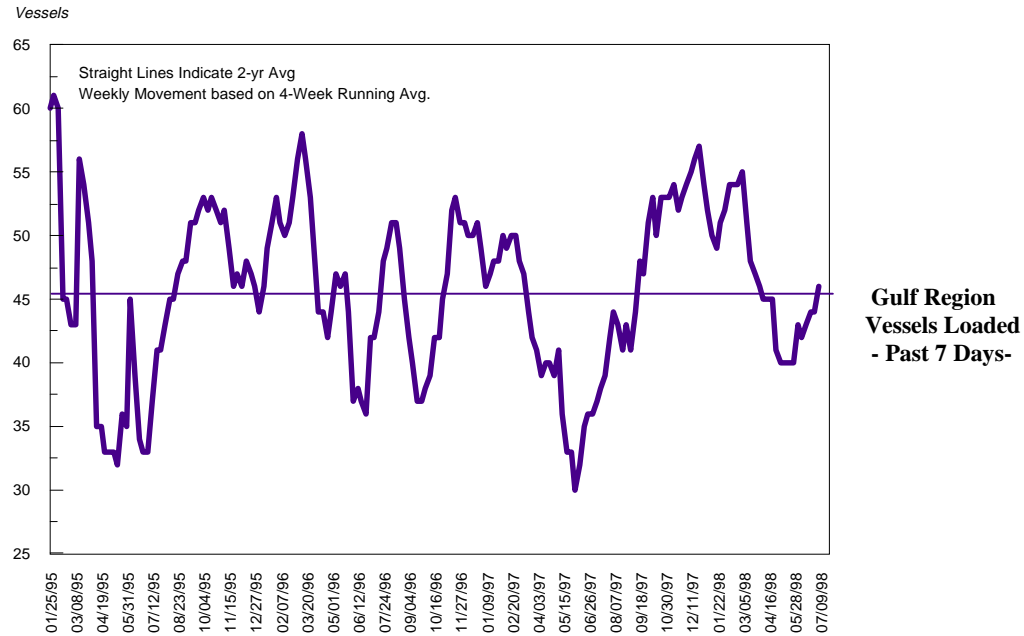
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

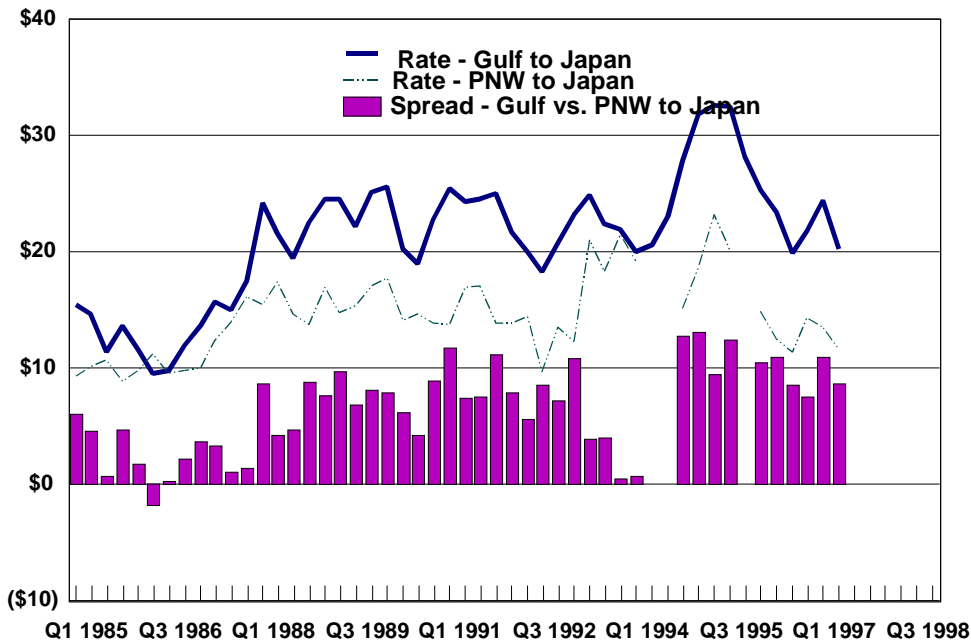
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 07/03/98			
Vancouver	6,035	1,206	998
Prince Rupert	3,740	31	392
Prairie Direct	1,026	360	440
Thunder Bay	572	319	303
St. Lawrence	3,398	2,044	7
1997 YTD Exports	14,771	3,960	2,140
1996 YTD Exports	13,662	3,723	3,192
% of Last Year	108%	106%	67%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
07/02/98	29	47	58	6			4	9	2
07/09/98	30	46	55	6			6	7	2
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton

Quarterly Ocean
Freight Rates**Quarterly Ocean Freight Rates**

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1998 1 st Qtr	1997 1 st Qtr	% Change		1998 1 st Qtr	1997 1 st Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$18.24	\$25.29	-28%	Japan	\$10.08	\$15.08	-33%
Mexico	\$12.15	\$17.99	-32%	Red Sea/ Arabian Sea		\$20.17	
Venezuela	\$11.13	\$16.73	-33%				
N. Europe	\$9.85	\$12.60	-22%	Argentina to			
N. Africa	\$14.65	\$18.84	-22%	N. Europe	\$12.32	\$17.98	-31%
				Japan	\$20.93	\$33.64	-38%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Venezuela	Heavy Grain	July	30,000	\$9.00
Gulf	Taiwan	Heavy Grain	August	54,000	\$13.00
Gulf	Japan	Heavy Grains	July/August	54,000	\$13.45
Gulf	Panama/Guatemala	Heavy Grains	July	25,000	\$12.00
Gulf	Northern Europe	Grains	July	33,775	\$8.59
Great Lakes	Venezuela	Wheat	July	18,000	\$19.50
Churchill (Canada)	Sudan	Wheat	July	25,000	\$21.00
Brazil	Lisbon/Hamburg	Grains	July	31,000	\$12.80
River Plate (Argentina)	Japan	Heavy Grains	August	54,000	\$16.50
W. Australia	Jeddah	Barley	July	47,500	\$11.35

Source: Maritime Research Inc.